ILLINOIS COMMERCE COMMISSION
COMMENTS ON BEHALF OF PJM INTERCONNECTION
RE: RESOURCE ADEQUACY IN MISO ZONE 4
January 30, 2018

I. Resource Adequacy Standards

A. How should resource adequacy be defined and how does resource adequacy compare with or contrast with resiliency and reliability?

PJM: Resource Adequacy refers to the supply of electricity; specifically, the process of determining the amount of generating capacity required to: (a) provide electrical energy to satisfy customer load, especially during peak demand periods such as a heat wave or cold snap; and, (b) ensure an acceptable level of generation system reliability – Adequacy.

Resource Adequacy assures reliability by making sure that there is adequate supply in to the future to meet demand. Resilience assures that the resources can operate through or recover quickly from major, unforeseen disturbances.

B. What entities currently address resource adequacy, how do they do so, and how sufficient are such current measures?

PJM: N/A

II. Resource Adequacy Measurement

A. How much generation is currently available to meet Zone 4 resource adequacy requirements?

PJM: The Comed Zone has a 26,000 Mw reliability requirement needed to fulfill resource adequacy for northern Illinois. Installed capacity in northern Illinois is approximately 25,000 mw with an additional 2,000 mw of demand response and energy efficiency.

B. What generation resources formerly meeting Zone 4 resource adequacy requirements have recently been lost due to retirement, derating, declining capacity factor, or otherwise?

PJM: N/A

C. What current generation resources available to meet Zone 4 resource adequacy requirements are at risk of becoming unavailable going forward and what are the implications of the loss of such resources?

PJM: N/A

D. What are the prospects for new generation resources becoming available to meet Zone 4 resource adequacy going forward?

PJM: N/A

E. What non-generation resources are and may be available to meet resource adequacy and how do such resources impact resource adequacy?

PJM: N/A

F. How well do existing programs and initiatives predict future resource adequacy?

PJM: N/A

III. Market Design Impact on Resource Adequacy

A. What alternative opportunities are available to resources that could otherwise be used to meet resource adequacy in Zone 4 and how do these opportunities impact Zone 4 resource adequacy?
PJM: Resources physically located in the contiguous boundaries of one Balancing Authority (BA), but deliverable into a separate BA, may elect to pseudo tie that resource consistent with standards set out by the North American Electric Reliability Corporation, the North American Energy Standards Board and BAs. By pseudo tying said resource, that resource owner has voluntarily elected to move the resource from one BA to another BA for purposes of operation. Resource owners elect to pseudo tie a resource for a variety of reasons. In some cases the asset in one BA is owned or contracted by an entity with load serving responsibility in another BA. By pseudo tying such a resource the asset owner is aligning their resource adequacy obligations with the physical location of their assets.

B. How does the transmission system impact resource adequacy?
PJM: A more robust transmission system allows for more transfers into and out of a particular zone.

C. How do facilities owned by municipals and cooperatives affect resource adequacy?
PJM: N/A

D. How does bilateral contracting, self-supply, and fixed resource adequacy planning affect resource adequacy?
PJM: N/A

E. How do so-called out-of-market revenues (revenues separate and apart from those obtained in wholesale markets (e.g., Zero Emission payments or renewable energy credits) impact resource adequacy?
PJM: To the extent out-of-market revenues cannot be reflected in the clearing price seen by all resources relied upon to fulfill resource adequacy in a given region, prices may not reflect the true costs required to meet resource adequacy needs. This may have long-term impacts on the ability to assure resource adequacy in the future. This is not about out of market payment themselves, but a need for the market to reflect those revenue streams in clearing prices.

IV. Scope

Please provide commentary on any relevant substantive or process issue you believe has not been adequately captured in the Sections above.

PJM: While the focus of this proceeding is on MISO Zone 4, example answers offered to this question proffer consideration on potential PJM changes that may impact resource adequacy in Zone 4. It is important to note there are no actions on PJM's behalf that affect resource adequacy in Zone 4.

PJM's long term planning processes work together with the energy, ancillary services and capacity markets to assure reliability in the PJM region. PJM's capacity market ensures long term grid reliability by procuring the appropriate amount of power supply resources to meet forecasted energy demand three years in to the future, or by ensuring enough power supply resources are dedicated to meeting the forecasted energy demand through a Fixed Resource Requirement plan.

By matching power supply with future demand, PJM's capacity market creates long term price signals to attract needed investments to ensure adequate power supplies. Capacity revenues are paid to power

supply resources in return for delivering electricity when needed. Utilities and other load serving entities in both regulated and retail choice states utilize PJM's capacity market; some in regulated states utilize the Fixed Resource Requirement plan where full and exclusive resource adequacy is the sole responsibility of the vertically integrated utility.

V. Potential Policy Options

A. What changes, if any, should be made to better enable measurement and assessment of what resources are available to meet Zone 4 resource adequacy requirements?

PJM: N/A

B. What changes, if any, should be made to MISO's capacity construct including to the MISO planning resource auction to better ensure resource adequacy?

PJM: N/A

C. What changes, if any, should be made to MISO's energy or ancillary service constructs that would help maintain resource adequacy?

PJM: N/A

D. What actions should the Illinois Commerce Commission and/or the Illinois Power Agency take, if any, to address resource adequacy assuming no new legislative authority?

PJM: N/A

E. What actions should the Illinois General Assembly take, if any, to address Zone 4 resource adequacy?

PJM: N/A

F. Please describe any additional potential policy option(s) you would like to see considered or that you would recommend not be considered.

PJM: Please see previously submitted comments.

G. Is it important for any selected policy option to be market-based? If so, why? If not, why not?

PJM: N/A